

January Recap

Taken together, January reflected a market navigating geopolitical shocks, shifting monetary expectations, and an accelerating AI investment cycle. Despite pockets of volatility, underlying economic data remained stable, setting the stage for a more policy-driven market environment heading into February. With fiscal and monetary decisions now carrying outsized influence over sector-level performance, investors are entering the new month with a heightened focus on policy signals and macro catalysts rather than purely corporate fundamentals.

Intervention In Venezuela

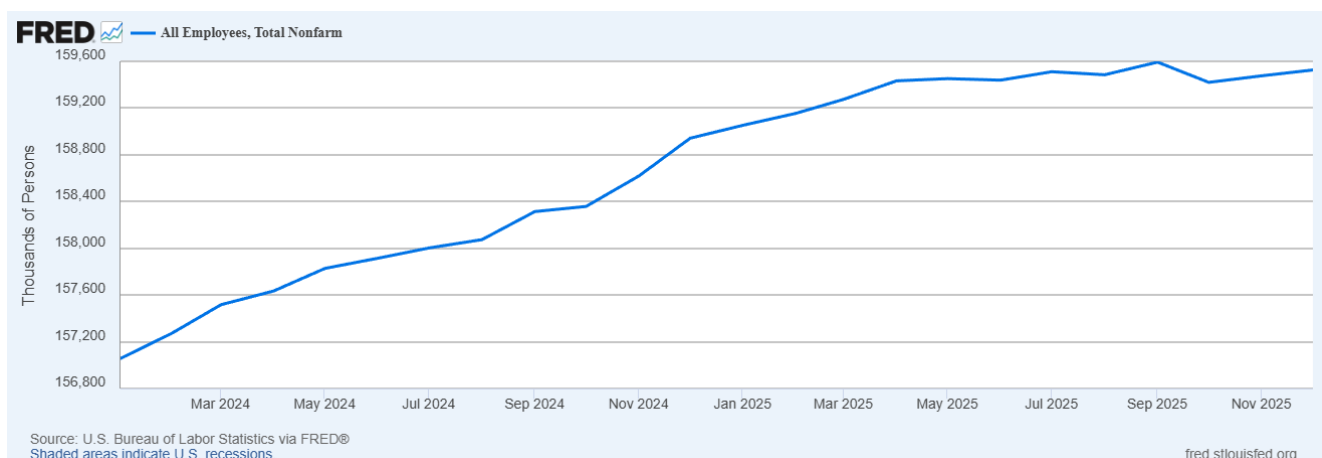
On January 3, 2026, the United States successfully completed Operation Absolute Resolve, where it captured Venezuelan President Nicolás Maduro & his wife Cilia Flores. Following the operation, President Trump announced that U.S. Oil Companies would invest billions to increase oil production in the country, an announcement that caused the shares of major U.S. Oil Companies Chevron (CVX), ExxonMobil (XOM), & ConocoPhillips (COP) to rise at open on the next trading session. Since this intervention, Venezuela & the U.S. have both seen a shift in policy. Acting President Delcy Rodríguez passed a new law that allowed private companies control over the production & sale of Venezuelan Oil. The U.S. Treasury has also started easing sanctions, which has allowed American energy companies to expand operations within this region. Chevron had also announced it expects to ramp up Venezuelan production by 50% in the next 18-24 months.

Defense-Sector Developments

On January 8, 2026, President Trump announced his intent to propose a record \$1.5 trillion defense budget to Congress for 2027. For reference, \$901 billion was approved for 2026. This increased emphasis on defense-spending was also met alongside regulation efforts. A restriction on dividend payments, stock buybacks, & executive pay were some of the main ideas that were brought up by President Trump. Around the time of these announcements defense sector saw a surge in the pre-market trading session prior to opening. Since then, stocks situated within this sector have cooled specifically in regard to valuation. One company to keep an eye on is Lockheed Martin (LMT) who currently trade at a forward P/E of 21x.

Cooling Inflation & Unemployment

CPI results came out January 13, 2026, & displayed a steady picture of inflation. For the twelve months ending December 2025, prices were up 2.7% on a YOY basis, a figure exactly the same for the twelve months ending November 2025. Excluding food & energy, prices were up 2.6%. Alongside this report also came information regarding the labor market for January. In this month, total non-farm payroll employment rose by 143,000 jobs, similar to the average monthly gain of 166,000 jobs for 2024. For 2025, the economy saw a total of 584,000 jobs added, in comparison to that of two million in 2024. Despite this drop, the unemployment has remained relatively the same (currently around 4%), given the combination of a smaller-labor pool, & a job-market stuck in a no-hire, no-fire mode. It was with this data in the backdrop that the Fed held interest rates steady in their January meeting, citing a robust economy & a stabilized labor market.



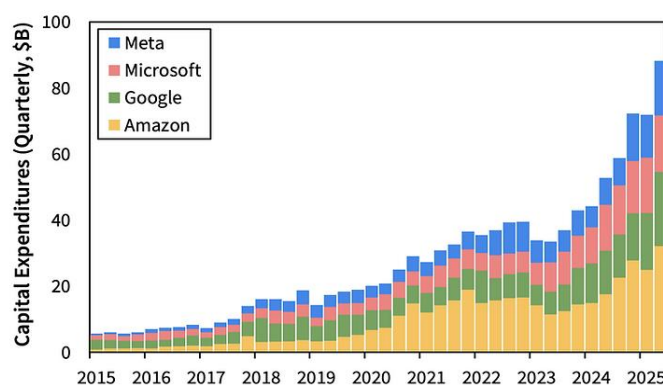
(Source: U.S. Bureau of Labor Statistics via FRED)

Layoffs

The wave of workforce reductions that defined the end of 2025 has persisted into the current year, as industry leaders continue to prioritize cost-efficiency through aggressive restructuring. On the 14th, Meta announced a 10% reduction to its workforce situated within its reality labs & augmented reality divisions. UPS announced plans to layoff around 30,000 employees, following 48,000 layoffs in 2025. Much more recently, Amazon also recently announced its next wave of layoffs with approximately 16,000 corporate employees being cut (14,000 last October). With market valuations at historic peaks, companies are under immense pressure to deliver shareholder gains despite inflationary trends. Consequently, a wave of strategic layoffs has emerged as organizations prioritize lean operations & bottom-line growth. Having persisted throughout 2025, this trend remains a defining characteristic of the current corporate landscape

AI Wavelengths

Escalating investment in AI technologies continues to set new benchmarks, warranting a sharp focus from shareholders & analysts alike. Meta (Meta), Microsoft (MSFT), & Apple (AAPL) all reported earnings towards the end of this month, & as expected investors primarily focused on their AI-related investments. Meta's capital expenditure (CapEx) guidance for fiscal year 2026 is set between \$115 billion & \$135 billion, an unprecedented figure that highlights the company's aggressive pivot toward AI infrastructure. This massive investment follows a notable compression in free cash flow, which declined to \$43.6 billion in fiscal year 2025 compared to \$54.1 billion in the previous year. Microsoft's financial trajectory mirrors this trend, with capital expenditures surging to \$37.5 billion in the most recent quarter, a 66% year-over-year increase. Apple also recently announced a planned aquisition for startup Q.AI for around \$2 billion, an aquisition intended to help expand the operational capabilities of Apple's AI platform – Apple Intelligence.



Greenland

The dispute surrounding President Trump's interest in Greenland briefly escalated into a broader transatlantic trade confrontation, prompting the U.S. & the EU to impose short-lived tariffs that unsettled markets. The episode triggered a sharp move in metals as investors reacted to the possibility of renewed trade friction & its implications for strategic resources. Since then, both sides have withdrawn the tariffs & eased tensions, effectively closing the chapter without lasting policy consequences. Even so, the situation underscored how quickly geopolitical signaling can spill into markets & how sensitive global commodities remain to any hint of U.S.–EU trade instability.

Federal Chair Developments

Developments on the monetary policy front were dominated by the appointment of Kevin Warsh as Federal Reserve Chair, a move that immediately reshaped market expectations. Warsh is widely viewed as hawkish, meaning he places a strong emphasis on inflation control & is generally inclined to keep monetary policy restrictive for longer to preserve price stability & credibility. In response, the U.S. dollar strengthened materially, while gold & silver sold off as markets priced in a higher-rate environment that made dollar-denominated assets comparatively more attractive. Notably, this market reaction unfolded alongside a key tension in Warsh's profile: while he is perceived as inflation-focused, he has previously called for rate cuts & faces ongoing scrutiny over his independence from President Trump, introducing uncertainty around whether future policy decisions will ultimately align with his hawkish reputation or bend toward political & growth-oriented pressures.

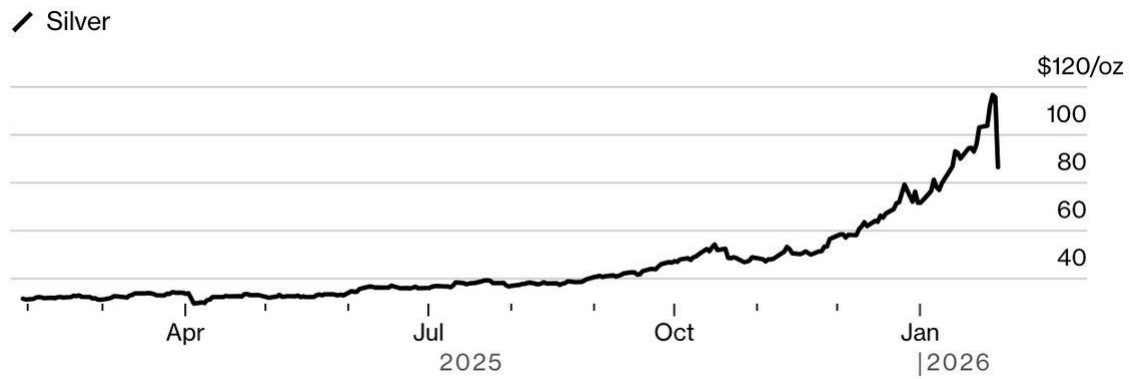
Sell-Off of Gold & Silver

The recent volatility in the precious metals complex was precipitated by Kevin Warsh's nomination, though a strengthening U.S. dollar only accounted for a portion of the move. While expectations of a more restrictive monetary policy provided the initial impulse, the sheer magnitude of the sell-off suggests a combination of technical factors extending beyond policy sentiment. Specifically, as exchanges revised margin requirements, speculative participants were forced to either post additional collateral or de-lever, triggering a cascade of position unwinds and forced liquidations. Given that a significant share of recent gains was fueled by short-term leveraged inflows, these elevated margin costs acted as a catalyst for the rapid sell-off that we witnessed.



Despite the staggering contraction in market capitalization, amounting to approximately \$3 trillion in gold and \$790 billion in silver, investor focus still remains resilient on the sector. The correction is largely viewed as a function of technical positioning and exhausted leverage rather than a fundamental deterioration of the asset class. With sustained demand from China and the critical importance of Federal

Reserve independence under new leadership, the structural narrative for precious metals continues to command significant institutional attention.



(Source: Bloomberg)